

UNITED STATES SMALL BUSINESS ADMINISTRATION

Lubbock, TX

January 31, 2005

PROCEEDINGS

[START TAPE 1 SIDE A]

MR. JAMES LOOMIS: ...we don't typically have much profit. We're a break even operation in most cases. So, if the feds for instance, pick on the TSA, uh, if we have to add additional law enforcement officers, where is the money coming from? So those are some of the things that we have to deal with. And my time is up also. I quit. [laughter] Thank you.

MALE VOICE 1: Jim, do you have a written statement?

MR. JAMES LOOMIS: No I do not.

MALE VOICE 1: That... Okay, well, if we could get a comment form filled out before you leave today, so I can take it back.

MALE VOICE: Out on the front.

MR. JAMES LOOMIS: I filled one out but I said I didn't have any, I don't have any issues. I do have [inaudible] I'm not having any problems with ADA.

MALE VOICE 1: Well, but you raised the issue of unfounded mandates.

MR. JAMES LOOMIS: I did raise that didn't I?

[laughter]

MALE VOICE 1: Yes you did. See, I listened.

MR. JAMES LOOMIS: That doesn't mean it's a problem.

[laughter]

MALE VOICE 1: Well... Okay...

MALE VOICE: Dan Dennison?

MR. DAN DENNISON: Good morning. I'm Dan Dennison. I'm an environmental compliance manager for the City of Lubbock. And it's my job to help every city department and employee comply with every environmental law, and it's a rather challenging position, but it's been very rewarding as well. Uh, first I would like to preface my comments by saying that our dealings with EPA, individual agency personnel has been very good because we have found agency personnel to be responsive and we found them to be helpful and we really appreciate that. Because some of the agencies that we work with are a little bit less responsive. But I would like to say that I hope the agency is responsive about the issue that I'm going to bring up this morning and that has to do with the new drinking water standard for arsenic.

As of January, a year from now, there will be a new drinking

water standard of 10 parts per billion. Presently the standard is 50 parts per billion. Now, it sounds like, you know, arsenic sounds like, like a bad thing. But it, in certain quantities it is not, and in fact, the research shows that certain levels of arsenic will actually protect you against leukemia. So, you have to look at specific levels of substances and their effect on the human body and consumption. There has been some new research that's been done in the last year and that research has shown that the effects of arsenic are not linear. What the effects of arsenic are, you have to reach a certain threshold level and, let me draw you just a real quick chart if I may.

[long pause]

MR. DAN DENNISON: Now, what we're going to do, over on the left side we're going to show numbers of cases of cancer and on the bottom part of the graph will show the arsenic level.

[long pause]

MR. DAN DENNISON: Now, the research originally used by EPA to help set the arsenic standard assumed that the effects of cancer were linear. In other words, each increment of increase in arsenic brought on an increase in the number of cases of cancer, and you would have a line like this. [pause] And I wanted to show you the reality.

[long pause]

MR. DAN DENNISON: The green line represents reality. You have a, you have a threshold limit at which, at which case, the number of cases of arsenic increase. And that threshold level runs somewhere around 80 parts per billion. One real big problem with the arsenic standard was the research was based on research that was done in Taiwan, and Argentina, and Chile. For some reason, there was not a research done on U.S. populations. I have a problem with that because the genetics of Taiwanese and Chileans for example is going to be different. Their susceptibility is going to be different. Their environment is going to be different. There have been some recent U.S. studies of, in particular, the last year, that have shown you can have, you can have consumption of 60 to 80 parts per billion and have no increases in the incidence of cancer.

Now, why is that important? It costs a lot of money to take arsenic out. It's not something you can just filter out. You have to do chemical, particular costly chemical testing. Small, or, pardon me, treating. Small cities like Loveland and I believe that Loveland is going to pass by here today, but small cities like Loveland cannot afford to do that chemical treatment. They need to use that money for something else as does the City of Lubbock. And we can take certain of our drinking water wells out and remove, we can reduce the level of this naturally occurring arsenic, and the cost to Lubbock, it's not going to be traumatic. But I can assure you that it will be traumatic for

smaller cities such as Loveland. And why do we want to spend money doing something that does not have public health benefits? And so, what we want to do is to direct our money at doing things such as our, our wastewater treatment plants, preventing sanitary sewer overflows, and taking other things out of drinking water that are a problem. So, I would like to respectfully request that EPA reconsider the arsenic standard and to look at the new studies that have come out based on U.S. population. One thing that I did not mention, the levels in Taiwan are 400, 500, and 600 parts per billion. So those are ten times the present standard. Yes, in those countries, there are increased instances of bladder cancer but it is ten times the present standard. So what we are calling for EPA to do is to please look at the new science, look at the new research and reconsider this standard. And I appreciate your time.

MALE VOICE 1: Thank you very much. Thank you Dan.

[applause]

MALE VOICE: Doctor Davis will not be testifying. CEV Jeff Lansdell

MR. JEFF LANSDELL: Doctor Davis was originally scheduled to be here this morning but I'll be speaking with him on some of the thoughts that we have. CEV Multimedia is a local publisher here in town. We've been in the publishing business, publishing curriculum for post secondary and also secondary education for the last 20 years. And recently have participated in the Texas textbook adoption along with other states such as Oklahoma, New Mexico, and Idaho. And a couple of points I wanted to make this morning concerning education and when you travel around the state and talk to you know, 2000 plus teachers in Texas over the last year and a half, you get a lot of comments about their concerns about education. And I wanted to bring up a couple that we share with them and they are pointed somewhat directly at No Child Left Behind which I'm sure most of you are familiar with over the past two years since President Bush proposed that plan. And a couple of the areas that I want to mention to you is curriculum. If you take a look at the No Child Left Behind and you look at all the significant issues that have been brought to the forefront with implementation, with funding, and the fact that the schools just haven't assessed the students on where they stand and try to appropriate the students based on what they know. The one thing that never comes up in all that until the fourth year of insufficient performance is curriculum. And curriculum, I don't know about you, but curriculum I think is really one of the things... If you input the right curriculum, you should get the outcome that you're looking for on the front end. And up until a couple of weeks ago when we, we found out we had the opportunity to testify here, one of the issues we wanted to talk about was curriculum and the fact that curriculum really wasn't on the forefront. Because we travel to many schools across the state and₄

across other states and if you look at the textbooks or the curriculum that is currently being proposed, students aren't really interested in that textbooks opposed to issues as far as not even being taken home by students. Schools that went to ordering and placing orders for just classroom sets of textbooks. So, textbooks as far as the student involvement in textbooks has really become, really insufficient from the school's perspective and really from the government perspective. If you think about students now and what attracts their attention, it's technology, and we have a real technology savvy student presently in our schools. And CEV has been at the forefront of creating multimedia and interactive multimedia products [background noise] format. And where that really concerns us, some of the concern was a little bit put at ease a couple weeks ago when the Department of Education, secretary, Rod Page, introduced the technology plan that is going to be in conjunction with the No Child Left Behind. And in there it reference 200,000 students that they had surveyed for input on curriculum, so we were really glad to hear that.

Another point I wanted to bring up today is career and technology education. And most of our curriculum that we produce has been in career and technology education which for most of you that don't know what that particular area is, that's ag science, family consumer sciences, business, marketing, careers. Tom Martin mentioned introduction to criminal justice. That's a career in technology education course in the State of Texas. Well, there's, President Bush has started an initiative to take money out of the Carl Perkins fund that was set up years ago to fund career and technology education. And career and technology education is lost. Weighted funding on a lot of the courses over the last two years, and there is a proposal with the legislature, from the legislative budget board this year to cut more of the weighted funding courses for the State of Texas. And, although a lot of students are proposed or have the opportunity to go to college, a lot of students never make it to that particular level. And, career and technology ed is a particular area in secondary education that's pointed at developing students for the workforce, and developing students to start their own small businesses. So it's very important that we continue to support career and technology education, and through that protect the funding that has supported that for years. Thank you.

MALE VOICE 1: Do you have that in writing?

[applause]

MR. JEFF LANSDELL: Uh, no sir, but I can fill out one of the forms as well.

MALE VOICE 1: If you would.

MR. JEFF LANSDELL: Thank you. Yeah.

MALE VOICE: Gary Lawrence?

MR. GARY LAWRENCE: Good morning ladies and gentlemen. My name is Gary Lawrence. I am currently the CEO of Lubbock Economic Development Alliance. But I've only been doing that for about a year and a half. Prior to that I spent 35 years running banks in Oklahoma, New Mexico, and West Texas. I am here today to applaud the work of the SBA and the SBEC, and tell you that I'm concerned about the continual cutting funding that has happened over the last 20 years. It's not something that's brand new. I've seen it continue to go down and as a bank, a banker of a ten million dollar bank in New Mexico; I can tell you that I personally made a lot of SBA loans myself. And then as I moved to larger banks, I oversaw the lending function and, and would tell you that SBA loans are the key to the growth of small business.

I attended a conference, a world business conference in Chicago in November and Tom Peters who writes extensive books on management made some alarming statements that I came home with. One is that every 23 hours, in China, they're creating a new factory with outside foreign capital. In ten years, Mr. Peters says, that most graduates, college graduate, need not even look for a job because there's not going to be any jobs, so they're going to have to create their own jobs. They're going to have to be entrepreneurs in order to survive. And SBA is the key to that in my opinion. You know, we also talk about GE and Exxon making 8 billion dollars I think the fourth quarter, but we fail to sometimes look at 80 percent of all the new jobs in the United States are created by small business. So, and you look at your towns you live in, most of those jobs are small business jobs. So, SBA is a key. As a banker I never really paid a lot of attention to [unintelligible]. Now some bankers would tell you that well, that's the reason they make SBA loans when in my opinion that's the wrong answer. The real answer should be that you could take an SBA loan and you could certainly and legally, and ethically, the federal banking laws of the United States. For instance, a traditional, if someone walks in and says I need a 100,000 dollar working capital loan for my business, in a traditional bank loan you'd say, well, you're going to have to pay that back in one year. Under an SBA loan you could pay that back over seven years. So that enables people to manage their cash flow. Same way with fixed rate mortgages on a commercial building. You've seen, I have experiences of somebody that had a bank stock loan in 1981 when the prime rate went to 21 percent. I was choking just to see if I could pay the interest, much less pay back the principle. So, through SBA you can do fixed rate financing in banks, sell it off to the secondary market, and you greatly enhance the success of small business. So I'm here just to say that I really believe in the SBEC, the SBA, the work that they do, and I am very concerned as a citizen that we are cutting our own throat so to speak by cutting funding out of

these programs because this is the future for our country and the future for our young people. And, again, it's going to be a world of entrepreneurs the next, in the next ten years from now, and again, the SBA is a great vehicle to do that, and I applaud the work that they do. Thank you very much.

[applause]

MALE VOICE 1: Thank you Gary.

MALE VOICE: Gary, I'd encourage you to write our local congressional representative, voice that as well, and you know our Texas senator, Tom Cornyn just went on to the U.S. small business committee and we're all, you know, you're preaching to the choir, so...

MR. GARY LAWRENCE: I'll be happy to do that.

MALE VOICE: Well, that would be a good idea. Thank you.

MS. SHARI FLYNN: Good morning. My name is Shari Flynn and I'm the Executive Director of the Lubbock Housing Finance Corporation which is a public non profit organization here in Lubbock and we are, sometimes people get us confused with the Housing Authority but we're a totally different organization. Our mission is to assist low to moderate income individuals in building long term personal assets by becoming home owners, and more recently, we have expanded that mission to include increasing their personal assets by investing in small business, either to start or expand small businesses. And so recently we began serving as administrator for High Plains Community Capital which is a limited liability community development lender, lender that is capitalized by eight local banks. We realize that small business and housing can't be mutually exclusive so we help bring together eight community banks and to, for the purpose of serving markets that are not effectively served by our financial institutions. And so this morning I appreciate the opportunity to voice a few concerns regarding the Community Reinvestment Act. Banks are an important source of capital for small businesses and the Community Reinvestment Act directly affects that source of capital.

And just as a little background, CRA was intended to encourage banks to help meet the credit needs of low to moderate income persons in areas within the community they serve. And large banks, banks that have assets over 250 million dollars are judged under three tests under CRA: the lending test, the service test, and the investment test. Certainly the lending test has a lot to do with small business loans but also the investment test has some impact in a roundabout way and that's what I want to talk about this morning.

A bank's CRA rating is taken into account when the bank applies to open branches or to merge or acquire other banks. And so High Plains Community Capital enables local banks to meet their CRA investment requirements or, by providing a vehicle in which they can

make investments, qualified investments. So that capital then is used to make small business loans and non traditional small business loans that benefit low to moderate income areas and persons. And so what were finding though, is that while several of the large banks in Lubbock have invested into High Plains Community Capital, there are a couple of other large banks that have not. And one of the reasons, in fact the main reason they state that they have not is because there are easier ways to get CRA investment credit than to invest in a venture such as High Plains Community Capital. And I'll give you an example. Its much easier for a bank to buy a 250,000 dollar Jenny Mae security which is backed by mortgages made to low to moderate income persons who may or may not even live in our area than it is for a bank to invest in High Plains Community Capital, have somebody sit on the board and on the loan committee, and possibly on the advisory committee. But clearly, a 250,000 dollar investment in a security is not nearly as effective as a 250,000 dollar investment in High Plains Community Capital which we can then use to make loans to small businesses, non-traditional loans again, loans that banks will not make. And, actually, High Plains Community Capital is also in the process now of trying, I'm sorry, applying to originate small business loans, SBA loans, and so the capital that is contributed to High Plains Community Capital or invested in High Plains would leverage those funds. So our concern is that banks not be given equal credit for an investment such as a 250,000 dollar Jenny Mae, versus investing in an entity such as High Plains Community Capital where the funds are used locally to increase small businesses.

We're also concerned with respect to CRA that the public is not aware, necessarily, of how banks invest their money. When they get investment credit, the public generally doesn't know that they've invested those 250,000 dollars in a Jenny Mae security versus investing it in High Plains where the funds are used locally. So, so we would like to see some changes in the Community Reinvestment Act that makes sure that the community knows where the funds that they're depositing into a bank are being invested. We are also concerned that we see no difference in how banks are treated if they have, say, a low satisfactory or needs to improve rating on the investment test versus a satisfactory rating. There are still opening new branches, they are still acquiring and merging with other banks and so forth. So we think that's, that's very important. We realize there is two sides to the CRA, CRA issue, the public side and the bank side, and we realize there is lots of demands on banks to provide funding donations to non-profit organizations and so forth. However, banks do generate the majority of their income from the communities they serve which includes low-to-moderate income persons that live in low to moderate income areas, so they should be expected to give back to those communities and invest their dollars in meaningful ways. And we would like to see banks compelled to do so through legislation and we also believe that banks

that do that, that meet or exceed these requirements should be publicly recognized. But at the same time, banks that don't should be recognized as well. So, I appreciate the opportunity to share our comments with you this morning. Thank you.

[applause]

MALE VOICE 1: Thank you. Do you have a copy of that statement for us?

MS. SHARI FLYNN: [inaudible]

MALE VOICE 1: Thank you.

[pause]

MS. MARY ANN ROJAS: Good morning. Panel, thank you for giving me the opportunity to address you today and good morning to all of you. I also work in public service. I am CEO of Work Source of the South Plains. We are one of 28 work force boards across the State of Texas. I also represent one of over 500 work force boards across the country. And, of course, our mission is connecting that job seeker to that employer. We understand that business is our customer and that job seekers is our product that we're trying to get to that customer. Most of my life I have spent in the private sector and only a short time have I been serving in this public position. But I did that as a small business owner when I was in the private sector and one of the things I learned in that many of you that have been in small business know, is that we're not always just about profit but we're about people. And that is really what we care about, and that's really what drives us and ultimately does affect our profits. But today I want to take this opportunity to talk to you about an issue that as small business owners, it does affect us and it does affect our country. And I ask you to listen with your hearts today. And, Mr. Downs [phonetic] I wrote my testimony so I'm going to read it. I have written it and rewritten it so I want to be sure that I don't lose a word.

It has been said, if you want to bring about change, and in particular, social change, you must involve the business community as your voice. My role as CEO of the Work Force Board is to be in tune with the business community and to have a pulse on the issues at hand. Today I wish to voice my concern over the administration and policy regarding a particular segment [unintelligible] workforce: children in foster care and their parents. The arbitrary policies, and I feel confident that the front line [background noise] is in helping [inaudible] business community and that the economy as a whole. In 1980 we had 303,000 children in foster care. In 2001 the number reached 542,000. And of these children, 59 percent are minorities. The commonalities between all our children in our country are that the vast majority of them have a parent or a guardian that works. In regards to parents of children in foster care, many of these parents are either

under employed or unemployed and lack the resources to secure employment and seek legal help or speak for themselves, and consequently for their children. [unintelligible] is that when a child is placed in care, any physical, emotional, or familial bonds are severely threatened. And in these days [unintelligible] weekly visit. And while I do not wish to miss the importance of caring [unintelligible] for the child [unintelligible] all of us. It is important to understand that [background noise] changes in how a child protective services agency conducts their business and have some positive effects on how we do business.

In instances where an agency should be accommodating they frequently promote themselves, however unwilling they may be [unintelligible]. In many cases, treatment and intervention is required for the parent and at the expense of the child's own growth and development. Many times this involves court ordered counseling, treatment, parenting classes, etc. which interferes with the parent's work schedule causing unwarranted and inevitable disruption in productivity, increased absenteeism, and oftentimes loss of employment.

My point is this: How can one be expected to adhere to conflicting guidelines when the agency that sets forth such guidelines is [unintelligible] in it's practices? How does one cope when one is expected to do is greater than what you can give? We are after all just human. [unintelligible] ultimately leads to the failure of the other. What follows are accusations of negligence and non compliance [unintelligible]

Specifically, I would like to see the federal funding authority, the Department of Health and Human Services, and the Department of Labor work together to meet the goal of preserving and promoting healthy families. That our president and his current administration have said. Allowing the case worker who is inadequately trained unable to complete [unintelligible] due to the priority level required by the agency, expected to rely on case study information that may or may not be biased or misunderstood. Is not trained to adequately assess family issues and ultimately give them the responsibility and power to make life altering decisions affecting families, is negligence at best. A case worker should not be allowed to make capricious, arbitrary decisions about families without due process. If we allow this to happen not only are we being unresponsive to our constituents, we are being poor stewards of the funding provided to the state and local governments to address this exact issue.

The Health and Human Services Commission [unintelligible] power to the states, in this case, the Department of Protective and Regulatory Services demonstrates lack of responsibility and should be re-examined. Thank you.

[applause]

MALE VOICE: Excuse me. Before you begin, Mary Ann, have you filled out a comment form to go with this testimony?

MS. MARY ANN ROJAS: Yes.

MALE VOICE: Okay. All right. I just want to make sure.

MR. RICK OSBURN: Thank you. My name is Rick Osburn. I'm the City Manager of the City of Levelland and I want to follow up with some comments on the unfounded mandate that was mentioned by Dan Dennison of the City of Lubbock, and that has to do with the upcoming arsenic regulations.

First, I agree with Dan that no arsenic in the water is probably good. I agree that if arsenic is introduced into a public water system as a result of contamination or pollution that the responsible party should be held responsible for taking care of that. However, arsenic is naturally occurring in a lot of water supplies and that addresses the problem. And Dan, I appreciate the excellent arguments you made regarding the need so I'm not going to address the fact that there is no need for this regulation. I'm going to address what Dan mentioned just in passing and that is the cost of this regulation. I talked to the city engineer and said okay, what's it going to cost us if we have to comply with this new arsenic level? He says that the cost of the equipment to process is basically 100,000 dollars per hundred gallons per minute of capacity. In Levelland we consume about 2 million gallons of water a day. When you convert that to how much per minute, that's about 1,500 gallons per minute so we would need, basically, 15 of these 100,000 dollar units or about one and a half million dollars worth of improvements we'd have to make to our water system to bring that arsenic level to the new level. That's not including the cost of operating the system, servicing the system, maintaining the system, depreciating the system so that it can be replaced, and all that. When you run these numbers out, we're looking at an impact of, in the neighborhood of 10 dollars a month to the average family water bill or to the average small business water bill. And again, this is to comply with a standard which, as yet, has not been documented that there is even a need. To my knowledge, no documented health risk at the 50 parts per billion standards.

So, again, we're not talking about an enforcement issue yet. This is a case where an ounce of prevention is going to be worth a pound of cure so, I really would like for everyone to take a look at that standard again. Thanks.

MALE VOICE 1: Thank you.

[applause]

MR. RICK OSBURN: I did fill out one of those forms.

MALE VOICE 1: You did, right. Thank you.

[pause]

DR. JEFF CRAIN: Hello, I'm Dr. Jeff Crain from Midland College BEDC. We actually do small business consulting very similar to the SBA group that's here. Art and all the rest. But I also come as a personal consultant in the strategy of technology and I have a few issues around technology, FCC, and small business, actually.

The first one is, I'd like to understand and basically propose that somehow we get legislation to make spam over the Internet, voluntary or not. Small businesses like Jose [phonetic] spend a lot of money to make sure they don't get spammed and blamed, you know? So that's my first issue. I can tell you that of the statistics I've gathered 97.67 percent of my business email is spam. Big number. So, somehow I'd like to know if some legislation approved could make it similar to direct marketing people telephoning you where you have a don't spam me list, nationally, and hopefully internationally.

The second issue is I have a small business client who wants to start a business in Midlands Group [phonetic]. Our assistance of consulting to them and it's around high technology and wireless services, telephone and otherwise. And we're trying to understand if the expanded 911 proposed bill from 2002 is going to include mandatory GPS within local telephone systems. As you know, some of the service providers that you buy telephones now, have GPS enabled or chips, and what we're trying to understand, is that going to be a standard for expanded 911 service as well as homeland security purposes, so, we're trying to get that issue.

And the last is we're trying to understand, relative to product development, what the profile of mobile telephone wireless systems may be, by gender, age, and profession, in order to do product development and strategic planning.

That's it. Thanks.

MALE VOICE 1: Do you have a comment form filled out on each of these issues?

DR. JEFF CRAIN: Well, I'll make sure I have one on each issue.

MALE VOICE 1: If you do that, then we can get you answers.

DR. JEFF CRAIN: Thank you.

MALE VOICE 1: Okay?

[applause]

[pause]

MR. LUNA: Morning.

MALE VOICE: Good morning.

MR. LUNA: If you'll forgive me, I, before I get started here, I want to apologize if I sound a little excited, but I am. We have had the strong will to survive for 30 years in our community and I think that I touch upon what Mr. Lawrence said, and, it may take me about five and a half minutes if you don't mind.

Let's see here. Imagine a community with the convenience of shopping, entertainment, and outdoor parks, a dialysis facility, and an eye doctor, and finally a built in incubator offers citizens an opportunity to start their own business. Rate is set at 12 percent of the gross sales allowing these new businesses to prosper. This shopping center would create over 150 jobs and become [unintelligible] Miracle Plaza. Of course, that's all in my dreams of my community. The reality is, it has overgrown at an extreme rate to southwest, west, and northwest Lubbock. Politicians allowed this growth to pass school district lines. Out district, the school district loses millions in state funding. The answer is to close two Lubbock elementary schools in East Lubbock and allow [unintelligible] transfer of students to build enrollment to their schools.

On April 9th, 2001, concerned citizens of Lubbock, Texas submitted information to the closing of their schools in East Lubbock to the United States Department of Education, civil rights division. The end result was that they acknowledged our concern and that we would have to wait to see the outcome. This was the only call we got and to this day, that's all we ever heard. This decision would impact the minority community in East Lubbock with a great negative impact and a very poor rating in the TOSS [phonetic] test. After the DEA examination, they found that the overcrowded classrooms that shift the students had caused the impact. Of course, this action will destroy my business across the street from Posey Elementary, struggling to survive the aftereffects I'm forced to close after six years. Did this help my credit any? No. Will banks consider the circumstances? No. Property increase cause higher taxes. Politicians target homeowners in these areas to pass a 3/8 cent sales tax increase designed to lift the burden of the extra tax. Our community would get nothing in return yet be forced to pay. Three years ago six designs were drawn ranging from 8 to 11 million dollars to build a shopping center in East Lubbock. Our city cannot find these designs. My application for 100,000 dollars through CDBG funding was to require some land as collateral to start [unintelligible]. I was denied and not even considered. Our local politicians and I have personal conflicts due to their greed and selfishness so that [unintelligible] families in East Lubbock to do the right thing. Now I'll [unintelligible] saying here, on CRA [unintelligible] for the local banks, America State Bank, State National Bank, Lubbock National Bank rated satisfactory on CRA. Bank of America, outstanding in lending and investment, and high

satisfactory in service. Citibank, high satisfactory in lending and service and low satisfactory in investment. Plains National Bank, high satisfactory in lending and service and needs to improve in investment. Wells Fargo Bank, high satisfactory. And the interesting thing about all these is most of these banks, those that can't seem to show any signs of Latinos or Blacks on their board of directors, except for Wells Fargo, I think they've got one of each. America State Bank, Citibank, Plains National Bank, and Wells Fargo Bank not only have received our commercial dollars from our community but have received our tax dollars as well. These banks have provided banking services for the City of Lubbock or the county of Lubbock. Not one of these banks has ever received any complaints nor negative comments from the public until now. That's why I'm here.

There are 9,429 households in the 79403 and 79404 zip code sector of East Lubbock. One car making one trip to Southwest Lubbock is around 25 miles round trip to shop, entertain, there is medical services, to work, and bank, and etc. In one year we will travel over 12 million miles as a community because we have no other choice. If each household in East Lubbock uses 2-1/2 extra gallons a week, at \$1.50 per gallon, our community spends over \$1,800,000 dollars in fuel a year. One extra oil change at \$15. One extra flat fix at \$5. Replacing one tire at \$30 per household, our community will spend over \$671,000 a year. Over \$2 million dollars including the fuel. In actuality, for 24 years we have made more than one trip and used more than 2-1/2 gallons per week to survive the depressed economics of East Lubbock. Between 1980 and 2004, East Lubbock has contributed over five billion four hundred million dollars to our local banks. Lubbock's consolidated plan for 2004 to 2009 revealed that the majority of the high level low income families live in East Lubbock. In 2000, 38,883 of the city's population were below poverty level. 26.7 percent black, 16.9 percent Latinos, 12.3 percent white, and 19.1 percent of other classification. Whites are the minority in East Lubbock. Shouldn't their rights be protected as well? All evidence shows that our local politicians and our local bankers have the same common factor. Racism. The Community Redevelopment Act, was designed to encourage federally insured banks to help meet the credit needs of an entire community, including lower and moderate income neighborhoods which they have not done. The Equal Opportunity Credit Act was designed to insure all consumers are given the equal chance to obtain credit. The four factors used, that should be used and looked at are income, expenses, debt, and credit history. Our banks only use credit history to deny us. The Fair Lending Law designed to recognize the importance of all consumers including those in lower income and those of less than perfect credit to have reasonable access to capital, which we never had. These laws have been violated for 24 years. Banks have discriminated and made unjustified excuses in redlining. This great discomfort has truly caused desperate treatment. Our SBA is no

different. If we don't have excellent credit we don't qualify for business loans either. So what chance do we have?

Our challenge with the, with these laws... Let's see here. I'm sorry. Let me come up here because I got lost here. I also believe, I'm sorry, I also believe that whatever percentage comes out of depressed economic areas, that same percentage should be the amount to go back to the area for development opportunities. My example is, if five billion four hundred million dollars is 50 percent of total money received from banks and the citizens of Lubbock or East Lubbock, then 50 percent of five billion four hundred million dollars should go back to the citizens of East Lubbock for development opportunity. I am also concerned that if your group has been in effect since 1996, what have you really accomplished? In 24 years this is the first time I have come, I have had the opportunity to speak regarding all the discrimination that we have survived and gone through. Are you sincere about your group's development? Or are you just going through the motions like everyone else?

If I got caught stealing a carton of cigarettes, there is not one district attorney who would not hold me accountable. Do you think that they would allow me to get by just because I'm a non-smoker? I don't think so. In a way, that's what our bankers have done to the East Lubbock community. They have stolen over 504 million dollars and gave nothing in return. These violations have been broken in more than 24 years in Lubbock, Texas, and not one bank, banking institution has been held accountable. And I'm here to offer my services gentlemen and ladies. If you can't find anybody to really take the challenge to put a stop to this, you can look me up and I'll find a way. Thank you.

[applause]

MR. LUNA: I put in more and I can give you this. This is yours.

MALE VOICE 1: Okay. Thank you. There are some things in what you've just testified about that we can deal with. There are other things that we can't. But we will do our best.

MR. LUNA: If you can guide me to where I need to address them sir, I'd be more than happy. Because we've struggled for 30 years and it's just not right.

MALE VOICE 1: We'll take a very close look at it and see what we can do to help.

MR. LUNA: I appreciate it. Thank you.

MR. ERNEST ESPARZA: Good morning. My name is Ernest Esparza and I am with Catholic Family Services out of Lubbock. My job is a coordinator working with immigration issues. I travel from the north Panhandle above Amarillo, Gruber, Cactus, the Lubbock area,

eastern New Mexico, and also go into Midland / Odessa. My job basically with Catholic Family Services has been in information, giving information to people that are in the process of becoming citizens, residents of the United States. I was doing basically ten radio programs throughout the area and some television infomercials in the Midland / Odessa area, just to inform people of their rights on how to process their claims or their petitions to become residents or citizens. What does this have to do with small business? In late 2003, 2004, because our immigration laws have changed so much, they were trying to pass a law called the Clinic Act that would mandate all police, city, state, counties, to act as immigration officers. Luckily all, this law was defeated June of 2004. Most cities, as big as Los Angeles, and Austin, and you name it, were totally against this law because it would require their policemen to now go and act as immigration officers. This would also include little towns like Lorenzo, Texas, Levelland, wherever, where they would also have to become immigration officers. Well, not yet that, now doctors, clinics and hospitals are now being required to report any person that they treat as an undocumented worker. So now, because they could not get our police to act as immigration officers, now we are expecting our doctors and our clinics to report anybody that comes for services that does not have a social security, or is not a registered citizen, or a resident of the United States. My portion on this is that now we are requiring, not only like your Covenants and UMC's but any small clinic, any doctor out in the rural areas, anybody that's involved in the medical issues, if someone comes to them now that does not have a citizenship or cannot prove residency, now these people are supposed to do extra documents and report this to the federal government because of terrorist acts, that these people now will be afraid to go get and seek medical help. But now you're requiring someone that is there to treat somebody, to treat a young, a young child, now they are also going to be required to do extra work and report it to the federal government any issue [unintelligible] that they are not a U.S. citizen. And to me this is taking these small struggling community areas, hospitals, clinics, because now they're going to have more work on their hands. And we're not, our clinics and rural doctors are not surviving and this is going to put more burden on them. Thank you.

[applause]

MALE VOICE 1: Thank you. Do you have that written up>

MR. ERNEST ESPARZA: Yup.

MALE VOICE 1: Okay. Thank you.

MALE VOICE: We have one more to call. Esther?

MS. ESTHER SEPEDA: Hi Tom. You should have kept calling me. I forgot to sign up. Please forgive me. Thank y'all very, very much for allowing me to come and speak to you all. My name is

Esther Sepeda and the president, CEO of the Lubbock Hispanic Chamber. Very, very proudly we represent a segment of the community which is fastly growing and you know about it over there of course, our Hispanic businesses. We know that they are growing by leaps and bounds. They are growing so fast, faster than any other segment. But we also know that they are closing down just as fast and that is not good. I am here to say that we probably represent over 350 members and of the Lubbock Hispanic Chamber, the majority of those are small businesses, Hispanic businesses. I work very closely with them being that I only have one other staff person there, and we assist in any way, form, and manner that we can. We find that the number one problem, the number one problem they think they have is financial assistance, lack of capital. We know that there are other problems that they yet don't know about but the number one is lack of capital, lack of financing. So we word very closely with them, we find out about all kinds of methods of financing, and let me say that SBA, the Small Business Administration, Armando and Josie, work very, very close with us. We know that this is where our people should go. And yes, Isabel, they do have to have good credit but there are forms of trying to help these people get their credit in good order. Unfortunately, many of us, you know, don't realize that credit is going to be a record. I realized my traffic record was going... My traffic driving record was going to be a record and I slowed down and I said no more speeding for me. So we know that we make our own record when it comes to credit. But let me tell you. There are forums like Shari Flynn's corporation. They help us a great deal with people helping them. And you know the thing that we need to remember is that we don't need to be so crass and say no, you know, you can't have the loan. We need to say, what can we do to assist these people and this one and that's what Armando does for me. I am very proud Tom. I don't know if it's because he's my brother in law's brother... [laughter] ...or because he's brown but he sure does help us a lot. I am here because I know that SBA funding is being cut back. And, by the way, Hector Barrero is a son of a very dear friend of mine, Mr. Hector Barrero, Jr. and I work in organizing USATC, 25, 28 years ago. So anyone that talks to him, tell him we said hello.

But let me tell you guys, we don't need to cut funds. The SBA and SBDC, those wonderful agencies are assisting a population that is fastly coming up and we know that [unintelligible] Hispanic explosive growth of population, we're going to have more businesses. So we need more funding. And I know I'm preaching to the choir but I've got to preach to you because there's no one else here. [laughter] Okay? Never, ever let anyone. I have let Cornyn's office, Randy [unintelligible] who is a dear friend, Bonilla [phonetic] we are bringing him into town on April the 1st for our banquet. We are going to let him know that SBA office must remain in Lubbock, Texas. Golly guys, we can't afford to have this office move. We are far away from other

offices that can assist our people, you know? And we must keep, we must fight to keep this office here. And so let us get together and let us look at all the good that is being done and let us work towards finding easier, better programs, a better way of funding our own businesses. And for that I am here today to tell you we are very proud of our SBA and SBDC office. Steve over there, thank you so much for all y'all do. You really help our people. So with that I will again say thank you for allowing me to be a latecomer.

MALE VOICE: Thank you. [inaudible]

MS. ESTHER SEPEDA: Yes, if you can...

MALE VOICE 1: Thank you very much.

[applause]

MALE VOICE 1: Thank you.

MALE VOICE: That's all.

MALE VOICE 1: We're set? Okay. Since we've got a few minutes, I'd like to give the federal agency representatives just a chance to do one minute on what their agency is doing for small business so that we can get some additional awareness since we're assembled all together. Dominique, why don't you start?

FEMALE VOICE: [inaudible]

[introductions and closing comments]

[END TAPE 1 SIDE A]